

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 OMB-01 EB-08 CIAE-00 PM-04
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USMISSION EC BRUSSELS
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION NATO
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EO 11652: GDS
TAGS: PINT, PGOV, MASS, US, DA
SUBJ: ELECTIONS: THE DEFENSE AGREEMENT AND THE F-16

REF: COPENHAGEN 0291

1. ON JANUARY 26 I CALLED ON MFA PERMANENT UNDER SECRETARY EIGIL JORGENSEN TO DISCUSS THE UPCOMING ELECTIONS AND HOW THEY MIGHT AFFECT US INTERESTS IN DENMARK. DEPT WILL RECALL THAT EIGIL JORGENSEN ACCURATELY PREDICTED A WEEK IN ADVANCE THAT PRIME MINISTER WOULD CALL FOR NEW ELECTIONS (REFTEL). EIGIL JORGENSEN SAID THAT HE BASICALLY DOES NOT EXPECT A DRASIC CHANGE IN THE COMPOSITION OF THE NEW FOLKETING AFTER THE ELECTIONS ON FEB 15. THE SOCIAL DEMOCRATS WILL REMAIN

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THE LARGEST PARTY, BUT THE QUESTION REMAINS OF HOW THEY WILL BE ALBE TO GOVERN, I.E., WITH THE SUPPORT IN PARLIAMENT OF THE LIBERALS, OR WHETHER THE SOCIAL DEMOCRATS MUST CONTINUE THE POLICY PURSUED DURING THE LAST TWO YEARS OF GAINING SUPPORT FROM A HOST OF SMALL CENTRIST PARTIES. EIGIL JORGENSEN FULLY EXPECTED ANKER JORGENSEN TO CONTINUE AS PRIME MINISTER AFTER ELECTIONS.

2. THE DECISION OF THE CURRENT HOUSING AND ENVIRONMENT MINISTER TO WITHDRAW FROM POLITICS, ANNOUNCED TODAY, MIGHT INFLUENCE THE COMPOSITION OF A FUTURE GOVERNMENT. ON THE ASSUMPTION THAT ANKER JORGENSEN REMAINS, THE VACANCY OF TWO PORTFOLIOS MIGHT GIVE THE PRIME MINISTER AN OPPORTUNITY TO DROP OTHER MEMBERS OF HIS CABINET OR SHIFT THEM AROUND TO NEW POSITIONS. WHETHER THE CURRENT FOREIGN MINISTER, K.B. ANDERSEN, MIGHT BE AFFECTED IS STILL TOO EARLY TO PREDICT. IT IS ALMOST CERTAIN, HOWEVER, THE NEW MINISTERS WILL BE BROUGHT IN TO TAKE OVER SOME OF THE DOUBLE PORTFOLIOS NOW BEING HELD BY A SINGLE MINISTER.

3. EIGIL JORGENSEN WAS CONFIDENT THAT A NEW DEFENSE AGREEMENT WOULD BE PASSED PRIOR TO APRIL 1, WHEN THE CURRENT AGREEMENT RUNS OUT. THE QUESTION IS, WHAT KIND OF AN AGREEMENT AND FOR HOW LONG THE NEW ARRANGEMENT WOULD BE AVALID? IF THE SOCIAL DEMOCRATS CAN COME TO SOME WORKING RELATIONSHIP WITH THE LIBERALS, THEN A FOUR-YEAR DEFENSE AGREEMENT ALONG THE LINES EXPLAINED TO NATO EARLIER THIS MONTH COULD UNDOUBTEDLY BE ACHIEVED. ON THE OTHER HAND, IF THE SOCIAL DEMOCRATS MUST CONTINUE TO RELY ON SUPPORT OF THE SMALL CENTRIST PARTIES, INCLUDING THE RADICALS, ANKER JORGENSEN MAY HHAVE TO MAKE CONCESSIONS ON THE DEFENSE AGREEMENT.

4. UNDER THESE CIRCUMSTANCES, THE DEFENSE AGREEMENT MIGHT BE LIMITED TO A TWO-YEAR PERIOD INSTEAD OF FOUR, BUT
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DEFENSE EXPENDITURE LEVELS WOULD STILL BE SLIGHTLY HIGHER THAN THOSE IN THIS YEAR'S BUDGET. THE RADICALS WOULD PROBABLY ALSO INSIST ON SOME CLAUSE ON REVIEWING DEFENSE EXPENDITURE LEVELS IN THE SECOND YEAR IN THE EVENT THAT ECONOMICAL/POLITICAL CONDITIONS WARRANT SUCH A RE-EXAMINATION. EIGIL JORGENSEN THOUGHT THAT DENMARK, NATO AND THE US COULD LIVE WITH THIS TYPE OF A DEFENSE AGREEMENT BECAUSE IT WOULD SHOW A SLIGHT AUGMENTATION IN DEFNESE EXPENDITURES OVER THE NEXT TWO YEARS AND INCLUDE AGAIN INDEXING THE DEFENSE BUDGET TO INFLATION. THE WORST SOLUTION WOULD BE NO AGREEMENT AT ALL ON DEFENSE, WHICH WOULD LEAD TO THE ACCEPTANCE OF A DEFENSE BUDGET FOR A PERIOD OF NE YEAR, A BUDGET WHICH HAS ALREADY BEEN PREPARED, BUT WHICH SHOWS A DECREASE OVER THE CURRENT LEVEL OF DEFENSE EXPENDITURES.

5. I FULLY AGREED WITH EIGIL JORGENSEN AND STRESSED THE IMPORTANCE OF SHOWING AN INCREASE IN DEFENSE EXPENDITURES IN NEXT YEAR'S DEFENSE BUDGET.

6. REGARDING THE F-16 PROJECT, EIGIL JORGENSEN SAID THAT ORLA MOLLER WILL CONFINE HIS PRESENT ACTIVITIES TO FORWARDING A LETTER IN BEHALF OF THE FOUR DEFENSE MINISTERS (COPENHAGEN 0418) AND WOULD NOT TAKE ANY NEW INITIATIVES AT THIS POINT. HOWEVER, EIGIL JORGENSEN STRESSED THAT THE DANES ARE SERIOUSLY DISTURBED OVER THE PROSPECT THAT DENMARK MIGHT FALL SUBSTANTIALLY SHORT OF THE 58 PERCENT OFFSET PROMISED BY THE US TO THE EUROPEAN MEMBERS OF THE CONSORTIUM AS A WHOLE. UNLESS ADDITIONAL CONTRACTS ARE LET IN DENMARK TO APPROACH THAT FIGURE, THE F-16 PROGRAM WILL BECOME A FOOTBALL IN DANISH POLITICS, SOMETHING THE DANISH GOVERNMENT STRONGLY WISHES TO AVOID. HE SAID THAT IT WAS NOT MERELY A QUESTION OF LETTING CONTRACTS TO APPROACH THE 58 PERCENT OFFSET COMMITMENT, BUT SUCH CONTRACTS SHOULD BE ONES TO DEVELOP DANISH

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TECHNOLOGY AND KNOW-HOW, WHICH IS THE MOST IMPORTANT SELLING POINT IN DEFENDING THE F-16 PROGRAM WITH THE DANISH PUBLIC.

6. OTHER SUBJECTS DISCUSSED DURING MEETING REPORTED
SEPTEL.
DEAN

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